

Company Registration No. 07389613 (England and Wales)

**ELWA HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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# ELWA HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A Brookes A Richford J M Linney C J Tanner (Appointed 1 May 2019)
<b>Secretary</b>	P Griffin-Smith
<b>Company number</b>	07389613
<b>Registered office</b>	Dunedin House Auckland Park Mount Farm Milton Keynes MK1 1BU
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Banker</b>	SMBC Europe 99 Queen Victoria London EC4V 4EH

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# ELWA HOLDINGS LIMITED

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# **ELWA HOLDINGS LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 MARCH 2020***

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The Directors present the strategic report for the year ended 31 March 2020.

### **Business Review**

The company is a holding company for its subsidiary, ELWA Limited. On 23 December 2002 ELWA Limited entered into a 25 year Private Finance Initiative (PFI) contract with the East London Waste Authority (ELWA) for the provision of waste management services within the East London Boroughs. As part of this contract, ELWA Limited built new waste management facilities which it will operate until the end of the contract when the facilities will revert to ELWA ownership. Renewi UK Services Limited (formerly Shanks Waste Management Limited) holds sub-contracts for the operation of the facilities and for the disposal of waste. Final commissioning of the facilities took place in 2008/09.

Under the payment mechanism, ELWA Limited continues to be paid full contract revenues for processing the waste. Landfill diversion and recycling targets, as measured against Contract Waste Tonnages, continue to be surpassed. Work continues against an agreed plan to increase recycling. The directors do not anticipate any concerns with the financial asset being recoverable through payment from ELWA over the remaining concession term.

The Group profit after taxation for the year is £1,322,000 (2019: £1,363,000) and the net assets of the Group are £17,415,000 (2019: £16,736,000).

### **Principal risks and uncertainties**

The Group's activities expose it to a number of financial risks including liquidity risk, interest rate risk and credit risk. These risks are further explained in the Directors' report.

### **Development and performance**

The Directors are not aware, at the date of this report, of any major changes in the Group's activities in the next year.

# **ELWA HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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#### **Key performance indicators**

The key performance indicator for the Group is the volume of waste processed during the year and subsequent diversion of waste from landfill disposal. For the year ended 31 March 2020, the Group processed 447,131 tonnes (2019: 445,460 tonnes) and diverted 446,310 tonnes or 99.8% from landfill disposal (2019: 414,322 tonnes or 93.4% from landfill disposal).

#### **Section 172(1) Statement**

When making decisions, the Directors of the Company must act in the way they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business. Throughout the year, while discharging their duties, section 172(1) requires a director to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging their section 172(1) duties the Directors have had regard to the factors set out above, as well as other factors relevant to the decision being made. The Board as a whole acknowledges that every decision made will not necessarily result in a positive outcome for all stakeholders. By considering the Company's corporate purpose and strategic priorities the Board aims to ensure that the decisions made are consistent and intended to promote the Company's long-term success. The Company engaged with key stakeholders throughout the year to understand the issues and factors that are significant for these stakeholders (the methods of engagement are shown in the stakeholder map below). Over the course of the year the Board received several updates over the various engagement activities outlined in the stakeholder map, providing the Directors with an understanding of the initiatives the Company undertakes, and the relationships between its stakeholders.

# ELWA HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### Section 172(1) Statement (continued)

Stakeholder	How we engage	Their concerns	How we respond
Local authorities – our key customers	<ul style="list-style-type: none"> <li>We engage directly with local authorities through our regular performance updates.</li> <li>We engage with other public employees and members of the public to help them understand how we add value through our long term contracts.</li> </ul>	<ul style="list-style-type: none"> <li>To meet contractual performance obligations.</li> <li>Ensure facilities are subject to, and adhere to, regulations.</li> </ul>	<ul style="list-style-type: none"> <li>We ensure that the SPV meets performance obligations through subcontracting via Renewi UK Services Limited (RUKS Ltd).</li> <li>Our operator - RUKS Ltd ensures that the facilities are monitored by Environment Agency.</li> <li>By securing insurance.</li> </ul>
Equity investors	<ul style="list-style-type: none"> <li>Regular board meetings are held to ensure the Board acts in the best interest of the Company.</li> <li>It is constituted that Shareholders can appoint directors.</li> <li>Visits to our sites</li> </ul>	<ul style="list-style-type: none"> <li>To understand the performance and prospects of the contract.</li> <li>Ensure that free cash flow is maximised and appropriate distributions are made in line with the Shareholder Agreement.</li> </ul>	<ul style="list-style-type: none"> <li>Clear reporting through our MSA providers.</li> <li>Regular monitoring of debt ratios against required levels and forecasting of distributions through regular forecast model updates.</li> </ul>
Lenders	<ul style="list-style-type: none"> <li>Ongoing financial reporting and covenant compliance reporting obligations through the regular updating of the forecast model and answering ad hoc questions.</li> </ul>	<ul style="list-style-type: none"> <li>Protection of and return on their capital invested in the SPV.</li> </ul>	<ul style="list-style-type: none"> <li>Regular ongoing discussions with the senior debt banking group and subordinated debt lender.</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>Our subcontractor- RUKS Ltd engages directly with regulators:</li> <li>through meetings, site inspections, testing, and data submissions</li> <li>through trade and industry associations</li> </ul>	<ul style="list-style-type: none"> <li>That the project meets or exceeds the permitted environmental standards.</li> <li>Continue to evolve and define standards and address topical concerns.</li> </ul>	<ul style="list-style-type: none"> <li>RUKS Ltd supports regulators with expert advice on handling and processing significant waste streams such as black refuse waste and HWRs.</li> <li>Respond to any breaches appropriately.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>We have one key supplier- RUKS Ltd who performs contractual obligations on our behalf.</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring that they are able to meet, or exceed, their contractual targets within the project, and that we meet our contractual requirements to them.</li> <li>Creating long term collaborative and trusting partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>The SPV entity ensures that operations are facilitated through subcontracted operator- RUKS Ltd in line with the underlying contractual agreement between the three parties. Holding regular meetings with subcontractor RUKS Ltd and other key stakeholders</li> </ul>
Communities	<ul style="list-style-type: none"> <li>We engage with communities at large through our sub-contractors community liaison group.</li> <li>Educational programmes focused around separation via third parties/ organisations.</li> <li>We support employment and development opportunities to our subcontractor's employees, many of which will live close to our sites.</li> </ul>	<ul style="list-style-type: none"> <li>Our communities want the essential services delivered consistently with minimal negative impact to their local environments.</li> <li>Our communities are interested in better understanding recycling and its impact to environment.</li> <li>Our communities are looking out for a range of roles and some are interested specifically in the waste management industry given its importance to environment.</li> </ul>	<ul style="list-style-type: none"> <li>The SPV entity actively encourages subcontracted operator- RUKS Ltd to support local communities by:</li> <li>Meeting or exceeding contract targets for managing and treating waste.</li> <li>Holding regular community events every year.</li> <li>Providing local employment opportunities both directly (see below) and through supply chain.</li> </ul>

# ELWA HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### Section 172(1) Statement (continued)

##### Employees (employed by RUKS)

- The company subcontracts all of its services to RUKS Ltd.
- RUKS Ltd has put in place policies and procedures to support the safety and well-being of all of their staff.
- The Company engages with RUKS Ltd through contract liaison meetings.
- The overall working environment and conditions including excellent standards of safety during their work.
- Personal development and opportunities for career development.
- Clarity of communication and organisational objectives.
- RUKS Ltd continues to focus on and invest in safety.
- Support physical and mental well-being of staff.
- Staff development, opportunities and continued annual performance reviews.
- Regular meetings with clear line management structures.

#### Business relationships

Pursuant to Companies (Miscellaneous Reporting) Regulations 2018, the directors' report for the financial year must contain a statement summarising how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year. In the Section 172 statement we have identified and summarised the methods used by the Directors to foster the company's business relationships with suppliers, customers and others. We define 'Principal Decisions' as decisions and discussions that are material or strategic to ELWA Limited, and also those that are significant to any of our stakeholder groups. We consider the following items to be examples of Principal Decisions made by the Board during 2019/20:

#### Fire Improvement Works (FIW)

The insurers informed ELWA Limited that they require improvements to be made to the fire detection and fire-fighting capabilities the Jenkins Lane site, with an indicative estimate for the direct cost of works being circa £5m. Over the course of the financial year ELWA Limited, the Operator and the Authority held discussions to secure agreement over the party liable to meet the costs of the FIW. Unfortunately, by the end of the financial year no agreement had been reached and a decision will be made by Adjudication. Throughout the discussions the Board has recognised the importance of initiating the FIW and that it is in the interests of all stakeholder groups to carry out the FIW to maximise the probability of obtaining insurance at the next renewal, 24 Dec 2020. To prevent the disagreement over cost liability delaying progression of the FIW, the Board proposed a cost sharing agreement between the parties. The cost sharing agreement would allow initial scoping work to be progressed up to an agreed point of completion prior to a decision by Adjudication being made on which party was liable for the full costs. Until liability is determined, the interim costs for the initial scoping work are split equally between the three parties. In Feb 2020, the Board instructed Pinsent Mason as their legal advisers, to draft a cost sharing agreement which was worked to by all parties and signed on 14 July 2020. Once the liable party has been determined by Adjudication the liable party(s) will reimburse the non-labile parties for their share of this interim costs. The Board's view is that the Company has no material exposure to the cost of the FIW works.

#### Streamlined Energy and Carbon Reporting (SECR)

Pursuant to the Streamlined Energy and Carbon Reporting (SECR) regulations companies are required to disclose; energy usage KPIs and the principal measures taken to improve the company's energy efficiency. As outlined in the Management Service Agreement between the Company and the Operator, the Operator has operational and financial control over the energy usage. This means that under SECR, ELWA Limited is classed as a low energy user consuming less than 40MWh a year. The energy usage of the Operator is reported within the Renewi plc Sustainability Report available on the Renewi plc website.

# **ELWA HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2020***

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On behalf of the board



J M Linney

**Director**

27 July 2020



# ELWA HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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The Directors present their annual report and audited financial statements for the year ended 31 March 2020.

#### Principal activities

The principal activity of the Group continued to be the provision of waste management services within the East London Boroughs, as part of the PFI contract with the East London Waste Authority.

#### Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Brookes

A Richford

J M Linney

J Heemelaar

(Resigned 30 April 2019)

C J Tanner

(Appointed 1 May 2019)

#### Going concern and Covid-19

The Directors assessment of going concern and the impact of Covid-19 can be found in the accounting policies note in the financial statements.

The Directors have considered the potential impact to the business from the effects of the current pandemic (Covid-19) and have put in place plans to mitigate the currently known, and potential risks to business continuity. The unitary charge income received from the local authority is highly predictable and the content of the Cabinet Office Policy Note PPN 02/20 indicates that public bodies will continue to pay their suppliers, the Directors do not believe that there is any material risk to income or cashflows. On this basis, the Directors anticipate that the Group will continue to be able to meet its business obligations as they fall due over the coming twelve months. The Directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

#### Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £1,386,714. The directors do not recommend payment of a further dividend.

#### Qualifying third party indemnity provisions

The Group has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

#### Financial risk management objectives and policies

##### Liquidity risk

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business. At the start of the PFI contract, the Group negotiated debt facilities with an external party to ensure that the Group has sufficient funds over the life of the PFI concession.

##### Interest rate risk

The Group's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The Group uses interest rate swaps to manage the risk and reduce its exposure to changes in interest rates.

# **ELWA HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

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### **Credit risk**

The Group's principal financial assets are cash, financial assets and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables which are with one counterparty, although in the opinion of the board of directors this risk is limited as the receivables are with a local government authority.

### **Future developments**

The Directors are not aware, at the date of this report, of any major changes in the Group's activities in the next year.

### **Auditor**

BDO LLP were appointed as auditor to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of disclosure to auditor**

Each of the Directors in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware, and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



J M Linney

**Director**

27 July 2020

# **ELWA HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 MARCH 2020***

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The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ELWA HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ELWA HOLDINGS LIMITED

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#### Opinion

We have audited the consolidated financial statements of ELWA Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **ELWA HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ELWA HOLDINGS LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group and the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# ELWA HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ELWA HOLDINGS LIMITED

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### Use of our report

This report is made solely to the group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group and the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stuart Barnsdall (Senior Statutory Auditor)

**For and on behalf of BDO LLP, Statutory Auditor**

London, United Kingdom

28 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# ELWA HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	42,482	43,376
Cost of sales		(37,650)	(39,022)
<b>Gross profit</b>		<b>4,832</b>	<b>4,354</b>
Administrative expenses		(2,963)	(3,768)
<b>Operating profit</b>		<b>1,869</b>	<b>586</b>
Interest receivable and similar income	7	6,045	6,547
Interest payable and similar expenses	8	(4,969)	(5,419)
<b>Profit before taxation</b>		<b>2,945</b>	<b>1,714</b>
Tax on profit	9	(1,623)	(351)
<b>Profit for the financial year</b>		<b>1,322</b>	<b>1,363</b>
<b>Other comprehensive income</b>			
Cash flow hedges gain arising in the year	16	739	1,463
Tax relating to other comprehensive income	9	5	(249)
<b>Total comprehensive income for the year</b>		<b>2,066</b>	<b>2,577</b>

The group statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# ELWA HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 31 MARCH 2020

		2020		Restated 2019	
	Notes	£'000	£'000	£'000	£'000
<b>Current assets</b>					
Debtors falling due after more than one year	13	74,417		81,061	
Debtors falling due within one year	13	13,448		13,491	
Cash at bank and in hand		14,479		11,445	
		<u>102,344</u>		<u>105,997</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(16,374)</u>		<u>(15,124)</u>	
<b>Net current assets being total assets less current liabilities</b>			85,970		90,873
<b>Creditors: amounts falling due after more than one year</b>	15		(59,609)		(65,963)
<b>Provisions for liabilities</b>	19		<u>(8,946)</u>		<u>(8,174)</u>
<b>Net assets</b>			<u>17,415</u>		<u>16,736</u>
<b>Capital and reserves</b>					
Called up share capital	20		1		1
Hedging reserve	20		(5,230)		(5,974)
Merger reserve			10,110		10,110
Profit and loss reserves	20		<u>12,534</u>		<u>12,599</u>
<b>Total equity</b>			<u>17,415</u>		<u>16,736</u>

The financial statements were approved by the board of directors and authorised for issue on 27 July 2020 and are signed on its behalf by:



J M Linney  
Director



# ELWA HOLDINGS LIMITED

## COMPANY BALANCE SHEET

AS AT 31 MARCH 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Investments	11		1		1
<b>Current assets</b>					
Debtors falling due after more than one year	13	18,598		18,599	
Debtors falling due within one year	13	965		960	
		19,563		19,559	
<b>Creditors: amounts falling due within one year</b>	14	(965)		(960)	
<b>Net current assets</b>			18,598		18,599
<b>Total assets less current liabilities</b>			18,599		18,600
<b>Creditors: amounts falling due after more than one year</b>	15		(18,598)		(18,599)
<b>Net assets</b>			1		1
<b>Capital and reserves</b>					
Called up share capital	20		1		1
<b>Total shareholders' funds</b>			1		1

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £1,386,714 (2019: £1,000,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 27 July 2020 and are signed on its behalf by:



J M Linney  
Director

Company Registration No. 07389613

# ELWA HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Called up share capital £'000	Hedging reserve £'000	Merger reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 April 2018</b>		1	(7,188)	10,110	12,236	15,159
<b>Year ended 31 March 2019:</b>						
Profit for the year		-	-	-	1,363	1,363
Other comprehensive income:						
Cash flow hedges gains arising in the year		-	1,463	-	-	1,463
Tax relating to other comprehensive income		-	(249)	-	-	(249)
Total comprehensive income for the year		-	1,214	-	1,363	2,577
Dividends	10	-	-	-	(1,000)	(1,000)
<b>Balance at 31 March 2019</b>		1	(5,974)	10,110	12,599	16,736
<b>Year ended 31 March 2020:</b>						
Profit for the year		-	-	-	1,322	1,322
Other comprehensive income:						
Cash flow hedges gains arising in the year		-	739	-	-	739
Tax relating to other comprehensive income		-	5	-	-	5
Total comprehensive income for the year		-	744	-	1,322	2,066
Dividends	10	-	-	-	(1,387)	(1,387)
<b>Balance at 31 March 2020</b>		1	(5,230)	10,110	12,534	17,415

# ELWA HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Called up share capital £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 April 2018</b>		1	-	1
<b>Year ended 31 March 2019:</b>				
Profit and total comprehensive income for the year		-	1,000	1,000
Dividends	10	-	(1,000)	(1,000)
<b>Balance at 31 March 2019</b>		1	-	1
<b>Year ended 31 March 2020:</b>				
Profit and total comprehensive income for the year		-	1,387	1,387
Dividends	10	-	(1,387)	(1,387)
<b>Balance at 31 March 2020</b>		1	-	1

# ELWA HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	23		11,208		7,272
Income taxes paid			(1,407)		(17)
<b>Net cash inflow from operating activities</b>			9,801		7,255
<b>Investing activities</b>					
Interest received		6,045		6,547	
<b>Net cash generated from investing activities</b>			6,045		6,547
<b>Financing activities</b>					
Interest paid		(4,848)		(5,408)	
Repayment of bank loans		(6,577)		(6,874)	
Dividends paid to equity shareholders		(1,387)		(1,000)	
<b>Net cash used in financing activities</b>			(12,812)		(13,282)
<b>Net increase in cash and cash equivalents</b>			3,034		520
Cash and cash equivalents at beginning of year			11,445		10,925
<b>Cash and cash equivalents at end of year</b>			14,479		11,445

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

##### Company information

ELWA Holdings Limited is a private company limited by shares, domiciled and incorporated in the United Kingdom and registered in England and Wales. The registered office is Dunedin House, Auckland Park, Mount Farm, Milton Keynes, MK1 1BU.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value, and in accordance with FRS 102. The principal accounting policies adopted are set out below.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its parent financial statements. The Company is consolidated in these financial statements. Exemptions have been taken in these parent company financial statements in relation to presentation of a company statement of cashflows.

#### 1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 March each year. The subsidiary has a year ended of 31 March 2020.

#### 1.3 Going concern

The Company exists to hold investments in its subsidiary that provides services under certain private finance agreements. The subsidiary is set up as a Special Purpose Company under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made.

The financial statements have been prepared on the going concern basis which assumes that the Group will be able to continue in operation for the foreseeable future.

The Directors have considered the potential impact to the business from the effects of the current pandemic (Covid-19) and have put in place plans to mitigate the currently known, and potential risks to business continuity. The unitary charge income received from the local authority is highly predictable and the content of the Cabinet Office Policy Note PPN 02/20 indicates that public bodies will continue to pay their suppliers, the Directors do not believe that there is any material risk to income or cashflows. On this basis, the Directors anticipate that the Group will continue to be able to meet its business obligations as they fall due over the coming twelve months. The Directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

After considering these matters and in light of the current forecasts for the Group, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

#### 1.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Income received in respect of the service concession is allocated between revenue and capital repayment of, and interest income on, the PFI financial asset using the effective interest rate method. Service revenue is recognised as a margin on non-pass-through operating costs solely, with a zero margin being recognised on lifecycle and other Special purpose vehicle (SPV) costs.

Pass-through revenue relates to costs incurred by the operator in carrying out its obligations under the service contract, which are charged to the East London Waste Authority with no margin applied by the SPV.

#### 1.5 Fixed asset investments

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the balance sheet, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors, cash and bank balances and other financial assets, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

(Continued)

##### **Service Concession**

The Group has been established to provide services under certain private finance agreements with East London Waste Authority (the Authority). Under the terms of these Agreements, the Authority (as grantor) controls the services to be provided by the Group over the contract term. Based on the contractual arrangements the Group has classified the project as a service concession arrangement, and has accounted for the principal assets of, and income streams from, the project in accordance with FRS 102, Section 34.12 Service Concession Arrangements.

The Group has chosen to adopt the transitional arrangements available within FRS 102, Section 35.10 (i) and as such the service concession arrangement has continued to be accounted for using the same accounting policies being applied at the date of transition to FRS 102 (1 January 2014). The nature of the asset has therefore not changed; however, there was a change in the description from Finance Debtor to Financial Asset.

Under the terms of the arrangement, the Group has the right to receive a baseline contractual payment stream for the provision of the services from or at the direction of the grantor (the Authority) and as such the asset is accounted for as a financial asset. The financial asset has initially been recognised at the fair value of the consideration received, based on the fair value of the construction (or upgrade) services, plus any directly attributable transaction costs, provided in line with FRS 102.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. The effective interest method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Other financial liabilities**

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the group statement of comprehensive income in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through the group statement of comprehensive income. Debt instruments may be designated as being measured at fair value through the group statement of comprehensive income to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

#### 1.8 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

#### 1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in the group statement of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the group statement of comprehensive income depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

The Group does not hold or issue derivative financial instruments for speculative purposes.



# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 1 Accounting policies

(Continued)

##### **Hedge accounting**

The Group designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

##### **Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in the group statement of comprehensive income, and is included in the 'other gains and losses' line in this item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the group statement of comprehensive income in the periods when the hedged item is recognised in the group statement of comprehensive income in the same line as the recognised hedged item. However when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the group statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 1.12 Reclassification of comparative information

The following reclassification of comparative information has been made to more appropriately reflect its nature:

Note 14 – The amount payable in respect derivative financial instruments within one year has been separately disclosed.

Note 3 - The passthrough element of the service fee is considered to be more appropriate classified in pass through income and £9,512,000 has been reclassified in the prior year.

### 2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Hedge accounting

The Directors consider the Group to have met the criteria for cash flow hedge accounting and the Group has therefore recognised fair value movements on derivatives in effective hedging relationships through other comprehensive income as well as the deferred tax thereon.

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Valuation of derivative financial instruments

The Directors use their judgement in selecting a suitable valuation technique for derivative financial instruments. All derivative financial instruments are valued at the mark to market valuation provided by the derivative counterparty. In these cases, the Group uses valuation techniques to assess the reasonableness of the valuation provided by the derivative counterparty. These techniques use a discounted cash flow analysis based on market observable inputs derived from similar instruments in similar and active markets. The fair value of derivative financial instruments at the balance sheet date was a liability of £6,455,000 (2019: £7,209,000 liability). The Directors do not consider the impact of own credit risk to be material.

##### Service concession arrangement

As disclosed in Note 1, the Group accounts for the project as a service concession arrangement. The Directors use their judgement in selecting the appropriate financial asset rate to be applied in order to allocate the income received between revenue, and capital repayment of and interest income on the financial asset; and also the service margin that is used to recognise service revenue. The Directors have also used their judgement in assessing the appropriateness of the future maintenance costs that are included in the Group's forecasts. The Directors will continue to monitor the condition of the assets and undertake a regular review of maintenance spend.

#### 3 Turnover and other revenue

An analysis of the Group's turnover is as follows:

	2020	Restated 2019
	£'000	£'000
<b>Turnover analysed by class of business</b>		
Service fee income	32,669	32,206
Pass-through income	9,813	11,170
	<u>42,482</u>	<u>43,376</u>
	2020	2019
	£'000	£'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	42,482	43,376

#### 4 Auditor's remuneration

	2020	2019
	£'000	£'000
<b>Fees payable to the Group's auditor and associates:</b>		
<b>For audit services</b>		
Audit of the financial statements of the Group and Company	15	21

Auditor's remuneration is payable to BDO LLP (2019: Deloitte LLP).

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 4 Auditor's remuneration

(Continued)

### 5 Employees

The Group had no employees during the current or prior year.

### 6 Directors' remuneration

No directors received any remuneration for services to the Group during the current or prior year.

### 7 Interest receivable and similar income

	2020 £'000	2019 £'000
<b>Interest income</b>		
Interest on bank deposits	14	47
Interest receivable on financial asset	6,031	6,500
	<u>        </u>	<u>        </u>
Total income	6,045	6,547
	<u>        </u>	<u>        </u>

### 8 Interest payable and similar expenses

	2020 £'000	2019 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	3,039	3,494
Interest payable to Parent undertakings	1,930	1,925
	<u>        </u>	<u>        </u>
Total interest expense	4,969	5,419
	<u>        </u>	<u>        </u>

### 9 Taxation

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	848	610
	<u>        </u>	<u>        </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(330)	(292)
Adjustment in respect of prior periods	1,105	33
	<u>        </u>	<u>        </u>
Total deferred tax	775	(259)
	<u>        </u>	<u>        </u>
Total tax charge	1,623	351
	<u>        </u>	<u>        </u>

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 9 Taxation

(Continued)

For the year ended 31 March 2020, the UK corporation tax rate of 19% is applied.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 15 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The deferred tax asset as at 31 March 2020 has been calculated based on a rate of 19%.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £'000	Restated 2019 £'000
Profit before taxation	2,945	1,714
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	560	326
Adjustments in respect of prior years	(182)	(8)
Deferred tax adjustments in respect of prior years	1,105	33
Amounts arising from deferred tax in the current year	140	-
Taxation charge for the year	1,623	351

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £'000	2019 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	(5)	249

#### 10 Dividends

	2020 £'000	2019 £'000
Interim paid	1,387	1,000

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 11 Fixed asset investments

	Notes	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Investments in subsidiaries	12	-	-	1	1
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### Movements in fixed asset investments Company

##### Cost or valuation

At 1 April 2019 and 31 March 2020

1

##### Carrying amount

At 31 March 2020

1

At 31 March 2019

1

### 12 Subsidiaries

Details of the Company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
ELWA Limited	Dunedin House, Auckland Park, Milton Keynes, MK1 1BU	Provision of waste management services within East London Boroughs	Ordinary shares	100

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 13 Debtors

	Group	2019	Company	2019
	2020		2020	
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	-	(1)	-	-
Amounts owed by group undertakings	-	-	965	960
Financial asset	6,998	7,437	-	-
Prepayments and accrued income	6,450	6,055	-	-
	<u>13,448</u>	<u>13,491</u>	<u>965</u>	<u>960</u>
<b>Amounts falling due after more than one year:</b>				
	<b>Notes</b>			
Amounts owed by group undertakings	-	-	18,598	18,599
Financial asset	74,417	81,061	-	-
	<u>74,417</u>	<u>81,061</u>	<u>18,598</u>	<u>18,599</u>
<b>Total debtors</b>	<u>87,865</u>	<u>94,552</u>	<u>19,563</u>	<u>19,559</u>

### 14 Creditors: amounts falling due within one year

		Group	Restated	Company	
		2020	2019	2020	2019
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	17	5,285	6,566	-	-
Trade creditors		3,171	216	-	-
Amounts owed to parent undertakings		965	960	965	960
Corporation tax payable		46	594	-	-
Other taxation and social security		571	485	-	-
Derivative financial instruments	16	1,767	1,339	-	-
Bank loan accrued interest		-	6	-	-
Accruals and deferred income		4,569	4,958	-	-
		<u>16,374</u>	<u>15,124</u>	<u>965</u>	<u>960</u>

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 15 Creditors: amounts falling due after more than one year

		Group 2020 £'000	Restated 2019 £'000	Company 2020 £'000	2019 £'000
	Notes				
Bank loans	17	36,322	41,494	-	-
Amount due to parent undertakings	17	18,599	18,599	18,598	18,599
Derivative financial instruments measured at fair value through profit or loss	16	4,688	5,870	-	-
		<u>59,609</u>	<u>65,963</u>	<u>18,598</u>	<u>18,599</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	8,082	15,595	-	-
Payable other than by instalments	18,598	18,599	-	-
	<u>26,680</u>	<u>34,194</u>	<u>-</u>	<u>-</u>

#### 16 Financial instruments

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss				
- Other financial liabilities	6,455	7,209	-	-
	<u>6,455</u>	<u>7,209</u>	<u>-</u>	<u>-</u>

#### Derivative financial instruments

In accordance with the terms of its credit agreement and as part of its interest rate management, the Group entered into interest rate swaps maturing from 30 September 2025 to 31 March 2026. Under the interest rate swaps, the Group receives interest on a variable basis and pays interest at fixed rates of between 5.230% and 5.328%.

The fair value of the derivative financial instrument comprises the fair value of the interest rate swaps designated in an effective hedging relationship. The interest rate swap contracts were designated as a cash flow hedge of variable interest rate risk of the Group's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps. The hedge was highly effective in the current and prior period and 100% of the change in fair value of the interest rate swaps of £739,000 (2019: £1,463,000) was recognised in other comprehensive income in the year.



# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 17 Loans and overdrafts

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Bank loans	41,607	48,060	-	-
Loans from parent undertakings	18,599	18,599	18,598	18,599
	<u>60,206</u>	<u>66,659</u>	<u>18,598</u>	<u>18,599</u>
Payable within one year	5,285	6,566	-	-
Payable after one year	54,921	60,093	18,598	18,599
	<u>60,206</u>	<u>66,659</u>	<u>18,598</u>	<u>18,599</u>

The loans are secured by a fixed and floating charge over all the assets of the Group and a charge over the shares of the Group.

#### Bank Loans

At the year end the Group had facilities provided by a syndicate of banks in order to finance the construction of the project. The loan is repayable in installments based on an agreed percentage amount of the total facilities per annum until March 2026.

Interest on the facilities is charged at rates linked to LIBOR. The Group has entered into fixed interest rate swaps to mitigate its interest rate exposure. The fixed interest rates on the facilities, including all margins, are between 5.230% and 5.328%.

#### Subordinated debt loan

At the year end the Group owed £18,599,000 (2019: £18,599,000) in loans to JLEN Environmental Assets Group Limited. The subordinated debt is unsecured and is subject to interest at 10.35% per annum. The debt is repayable by March 2028.

The outstanding interest at the year end in relation to the subordinated debt loan was £965,111 (2019: £959,837).

### 18 Provisions for liabilities

	Notes	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Deferred tax liabilities	19	<u>8,946</u>	<u>8,174</u>	<u>-</u>	<u>-</u>

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 19 Deferred taxation

Deferred tax assets and liabilities are offset where the Group or Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £'000	Liabilities 2019 £'000
<b>Group</b>		
Accelerated capital allowances	13,827	13,422
Tax losses	(3,654)	(4,025)
Derivative financial instruments	(1,227)	(1,223)
	<u>8,946</u>	<u>8,174</u>

The Company has no deferred tax assets or liabilities.

	Group 2020 £'000	Company 2020 £'000
<b>Movements in the year:</b>		
Liability at 1 April 2019	8,174	-
Charge to profit or loss	767	-
Charge to other comprehensive income	5	-
	<u>8,946</u>	<u>-</u>
Liability at 31 March 2020	<u>8,946</u>	<u>-</u>

The deferred tax asset in relation to the interest rate and RPI swap liability is expected to affect profit or loss over the period to maturity of the interest rate and RPI swap.

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 20 Called up share capital

	2020	Group	2020	Company
	£'000	2019	£'000	2019
Ordinary share capital		£'000		£'000
Issued and fully paid				
200 A ordinary shares at £1 each	-	-	-	-
800 B ordinary shares at £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The Class 'A' and 'B' Shares have rights to dividends, capital distribution and voting rights which rank pari passu.

Holders of Class 'A' Shares have the right to appoint a maximum of two directors of ELWA Holdings Limited, so long as the registered holder owns 20% or more of the issued shares of the Company. Whereas, holders of Class 'B' Shares have the right to a maximum of three directors of ELWA Holdings Limited so long as the registered holder owns 20% or more of the issued shares of the Company. Such directors may only be removed by the holders of the respective Class of shares under which the director was originally appointed.

Class rights can only be varied if approval is obtained from 75% or more of the holders of each individual class of share.

#### Other Reserves

The Group's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

The merger reserve results from the acquisition of ELWA Limited by ELWA Holdings Limited in September 2010. The merger reserve was created due to the acquisition being a common control transaction. The 2015 Group Balance Sheet and Group Statement of Changes in Equity have been restated as the merger reserve was previously shown within share capital.

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 21 Related party transactions

#### Transactions with related parties

During the year the Group entered into the following transactions with related parties:

	2020 £'000	2019 £'000
<b>Group</b>		
<b>JLEN Environmental Assets Group Limited</b>		
Interest payable on sub-debt	1,925	1,925
<b>Renewi UK Services Limited</b>		
Unitary gate fees and lifecycle	37,778	39,042
Management and directors fees	665	644
	<u>40,368</u>	<u>41,611</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2020 £'000	2019 £'000
<b>Group</b>		
JLEN Environmental Assets Group Limited	19,564	19,559
Renewi UK Services Limited	63	63
	<u>19,627</u>	<u>19,622</u>

No guarantees have been given or received.

### 22 Controlling party

The Company is a joint venture between JLEN Environmental Assets Group Limited (previously John Laing Environmental Assets Group (UK) Limited) (80%) and Renewi UK Services Limited (20%), and is jointly controlled by both entities. JLEN Environmental Assets Group Limited is incorporated in England and Wales. Renewi UK Services Limited is incorporated and registered in England and Wales. The Directors consider there to be no ultimate controlling entity.

John Laing Environmental Assets Group (UK) Limited was renamed JLEN Environmental Assets Group Limited on 31 January 2020.

# ELWA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 23 Cash generated from group operations

	2020 £'000	2019 £'000
Profit for the year after tax	1,322	1,363
Adjustments for:		
Taxation charged	1,623	351
Finance costs	4,969	5,419
Finance income	(6,045)	(6,547)
Fair value reserve movement	-	(251)
Movements in working capital:		
Decrease in debtors	6,556	6,263
Increase in creditors	2,784	674
<b>Cash generated from operations</b>	<b>11,209</b>	<b>7,272</b>
Difference	(1)	-
Per cash flow statement page	11,208	7,272

### 24 Analysis of changes in net debt - group

	1 April 2019 £'000	Cash flows £'000	Other non-cash changes £'000	31 March 2020 £'000
Cash at bank and in hand	11,445	3,034	-	14,479
Borrowings excluding overdrafts	(66,659)	6,577	(124)	(60,206)
Interest rate swap	(7,209)	-	754	(6,455)
	<b>(62,423)</b>	<b>9,611</b>	<b>630</b>	<b>(52,182)</b>

### 25 Subsequent events

Subsequent to the year end the COVID-19 pandemic has developed rapidly and the UK Government has enacted emergency measures to contain the spread of the virus, which have adversely impacted economic activity in the UK. The Directors continue to monitor the situation and have put in place plans to mitigate the currently known, and potential risks to business continuity. They have assessed the potential impact of the COVID-19 pandemic on going concern and their statement is provided in note 1.3 to the financial statements.